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1. Views on disposition of Dutch New Guinea -- The Department of State has received a note from the Dutch Ambassador in Washington stating that the Netherlands Cabinet has reached the conclusion that New Guinea should remain under Dutch authority and now requests US support in this matter. In the note, the Netherlands Government states that the transfer of authority over this area to either Australia or the United States of Indonesia would be "unacceptable" to the Netherlands and observes that: (a) the Round Table Conference agreed that the political status of New Guinea would be settled through bilateral Indonesian-Dutch negotiations; and (b) negotiations to date have shown that the Indonesian Government is not prepared to arrive at a solution satisfactory to the Netherlands. The Netherlands Government points out that the UN Commission on Indonesia, which will receive the report of the mixed Dutch-Indonesian Commission, may be able to assist the parties in reaching an agreement, and comments that the UN Security Council may have to consider the problem if agreement is not reached.

Meanwhile, the Australian Government has reiterated its intention to protect what it considers to be Australia's vital strategic interest in Netherlands New Guinea and has indicated that Australia is prepared to entertain solutions other than outright Australian control over the area.

(CIA Comment: CIA believes that the Netherlands position favoring continued Dutch control over New Guinea, which was inspired by recent Australian statements that Indonesian control over that area could not be tolerated, may quiet the Australian Government's fears. CIA further believes that Indonesian knowledge of the adamant Netherlands position will further weaken Netherlands-Indonesian relations, because the Indonesians still expect to acquire Netherlands New Guinea before the end of 1950.)

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THE AMERICAS

2. VENEZUELA: <u>Possible dissolution of Communist Party</u>—US Embassy Caracas reports that the military junta is considering the dissolution and suppression of the Communist Party in Venezuela.

(CIA Comment: CIA believes that the current Communist-inspired oil workers' strike will probably lead to government action to dissolve the Communist Party. CIA further believes that if the party is outlawed, the government will take strong and effective measures to eliminate Communist influence throughout Venezuela.)

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